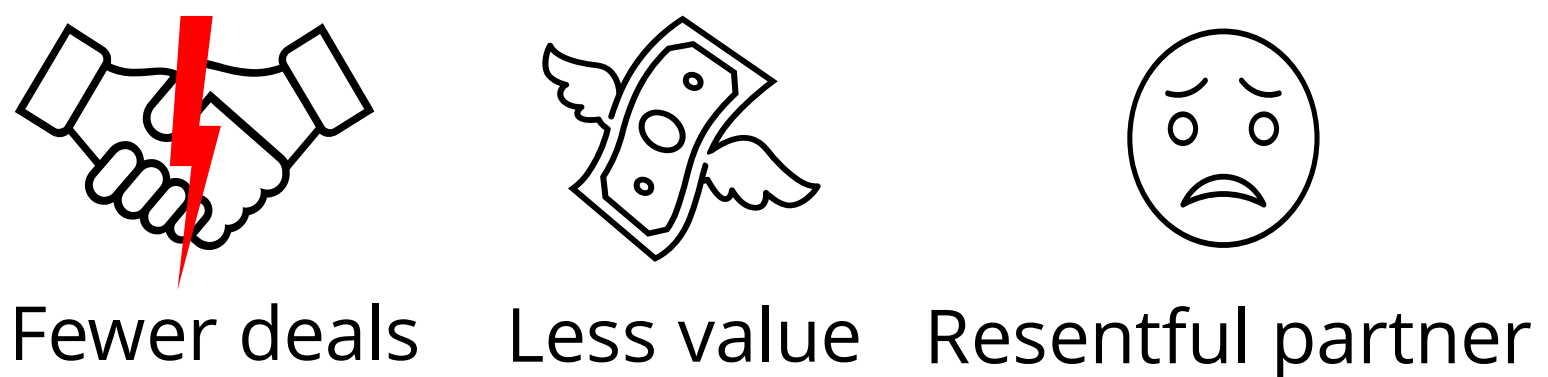


SUMMARY

- **Repeated negotiations with different counterparts** are commonplace among individuals, groups, and organizations.
- Existing literature suggests that negative past outcomes in negotiations may serve as **learning opportunities**, potentially leading to better future outcomes.
- However, this study focuses on the effects when such precedents are known to the negotiation partner (i.e., **public vs. private precedent**).

Across five studies (Total N = 1,445), we found that when undesirable precedents were known by counterparts, negotiators got:



OVERVIEW OF STUDIES

Study	Setting	Source	Total sample	CONDITIONS			
				No precedent	Private precedent	Uncertain precedent	Public precedent
1A	Scenario	Prolific	510	●	●	●	●
1B	Scenario	Prolific	416	●	●		●
2	Face-2-Face negotiation	University students	192 dyads		●		●
3	Online negotiation	Prolific	121 dyads		●		●
4	Online negotiation	Prolific	206 dyads		●		●*

\* Note: Study 4 has two public precedent conditions based on if their counterparts reactively or proactively use precedents

PRESENTER

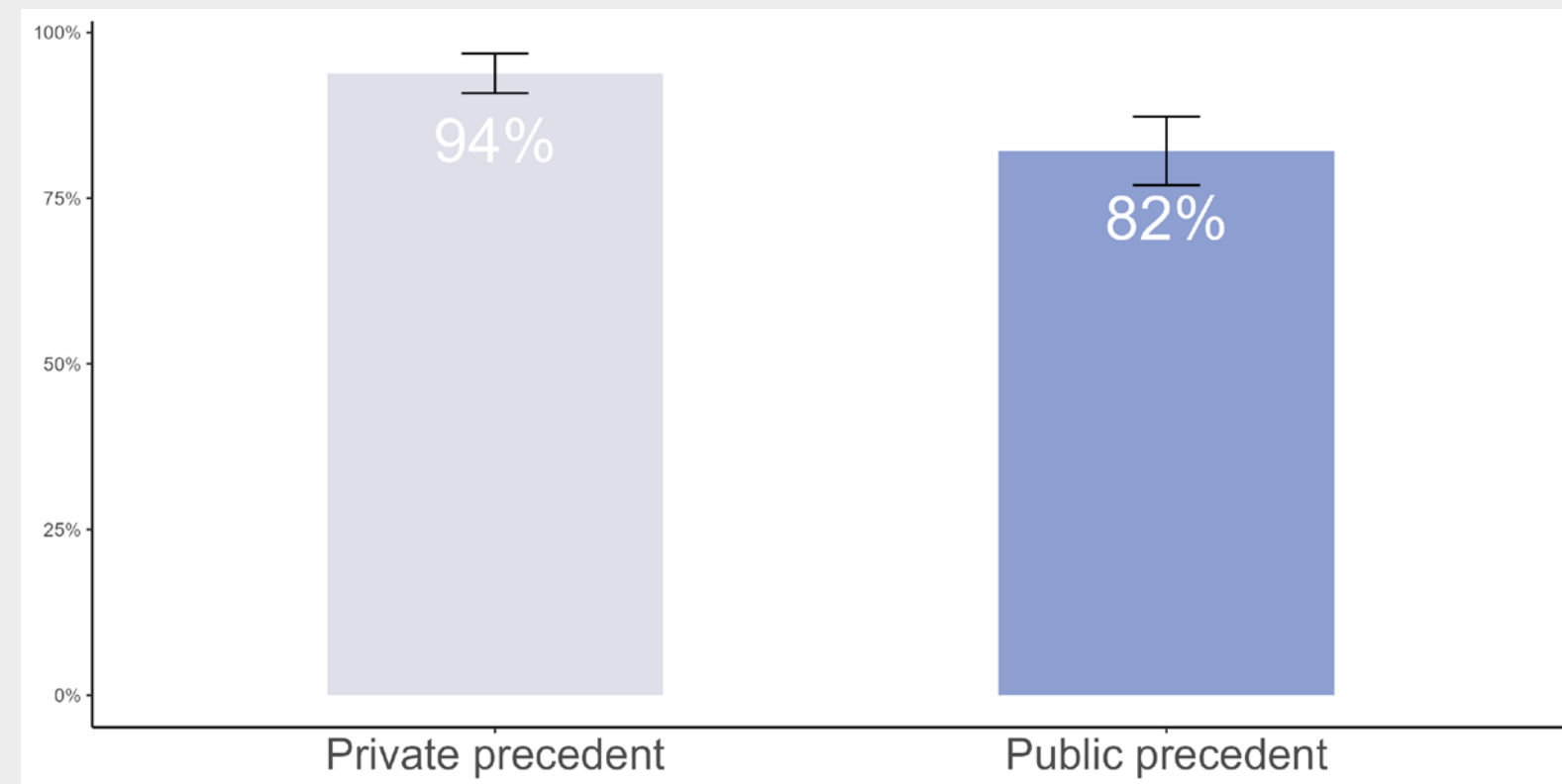
**Chao WANG**  
chao.wang@esade.edu

# The Shadow of the Past:

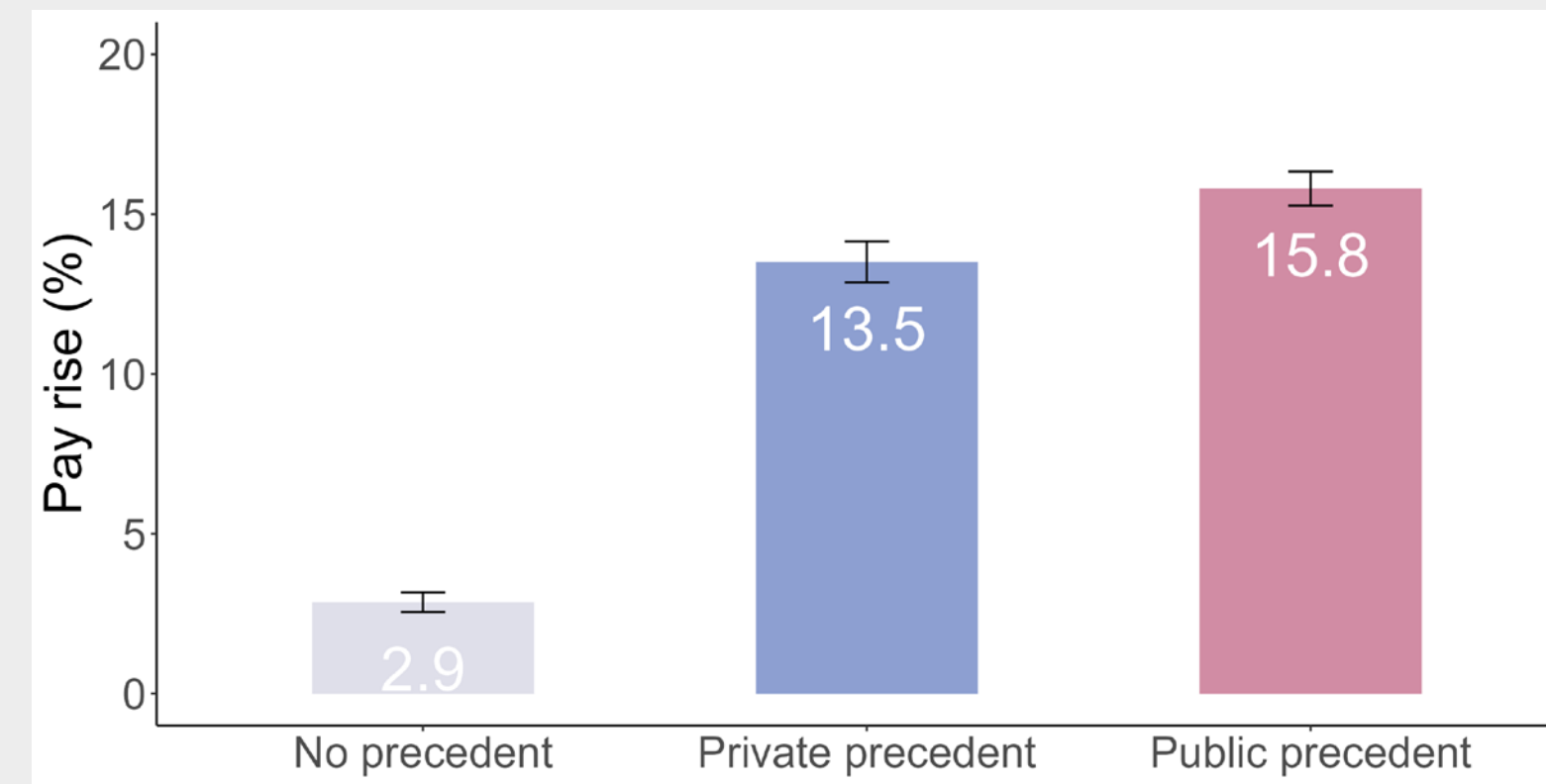
A bad deal known by negotiation counterparts yields **worse deals and damaged relationship**

Chao Wang & Katharina Schmid, ESADE Business School

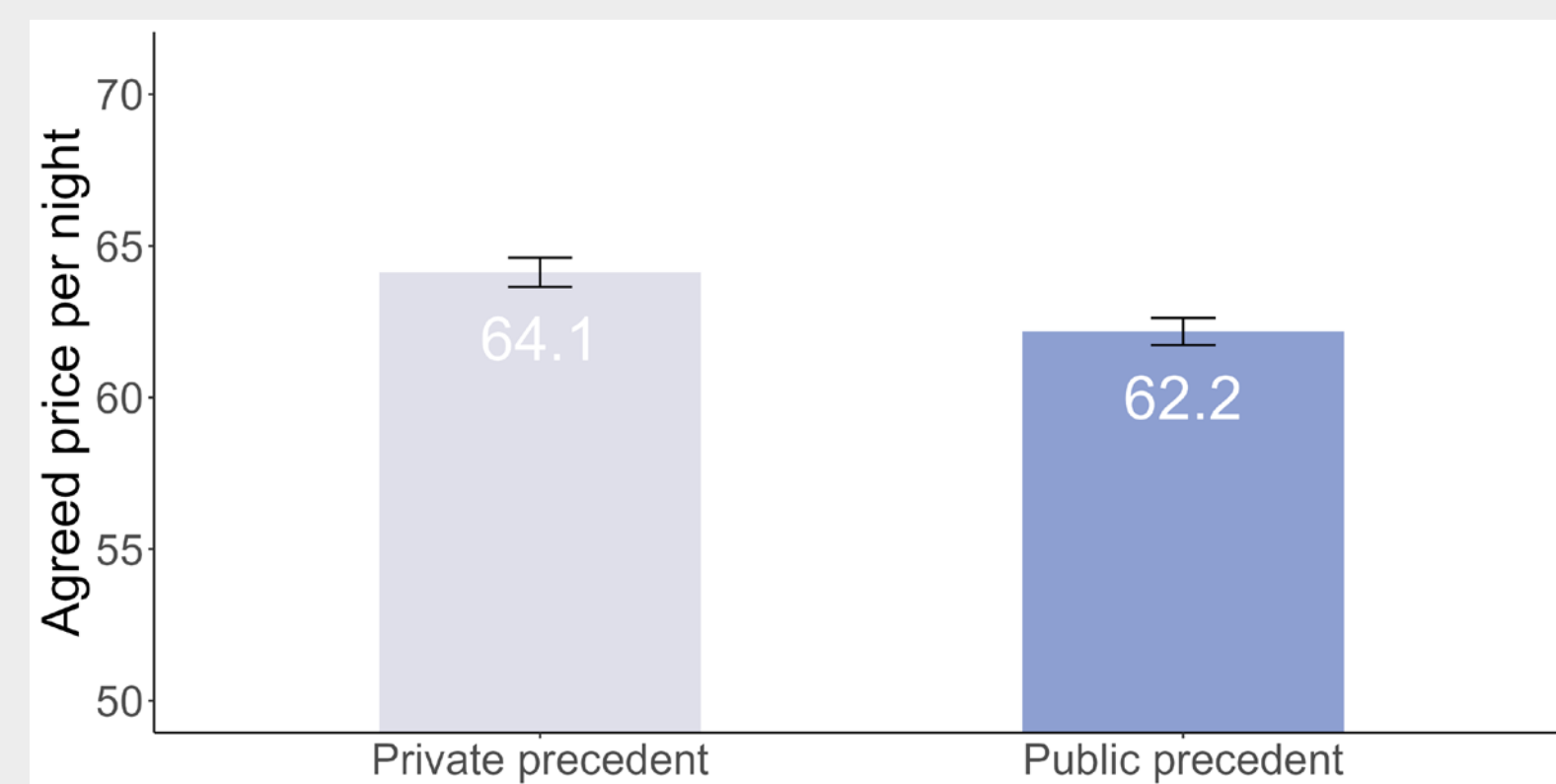
Fewer deals (STUDY 3)



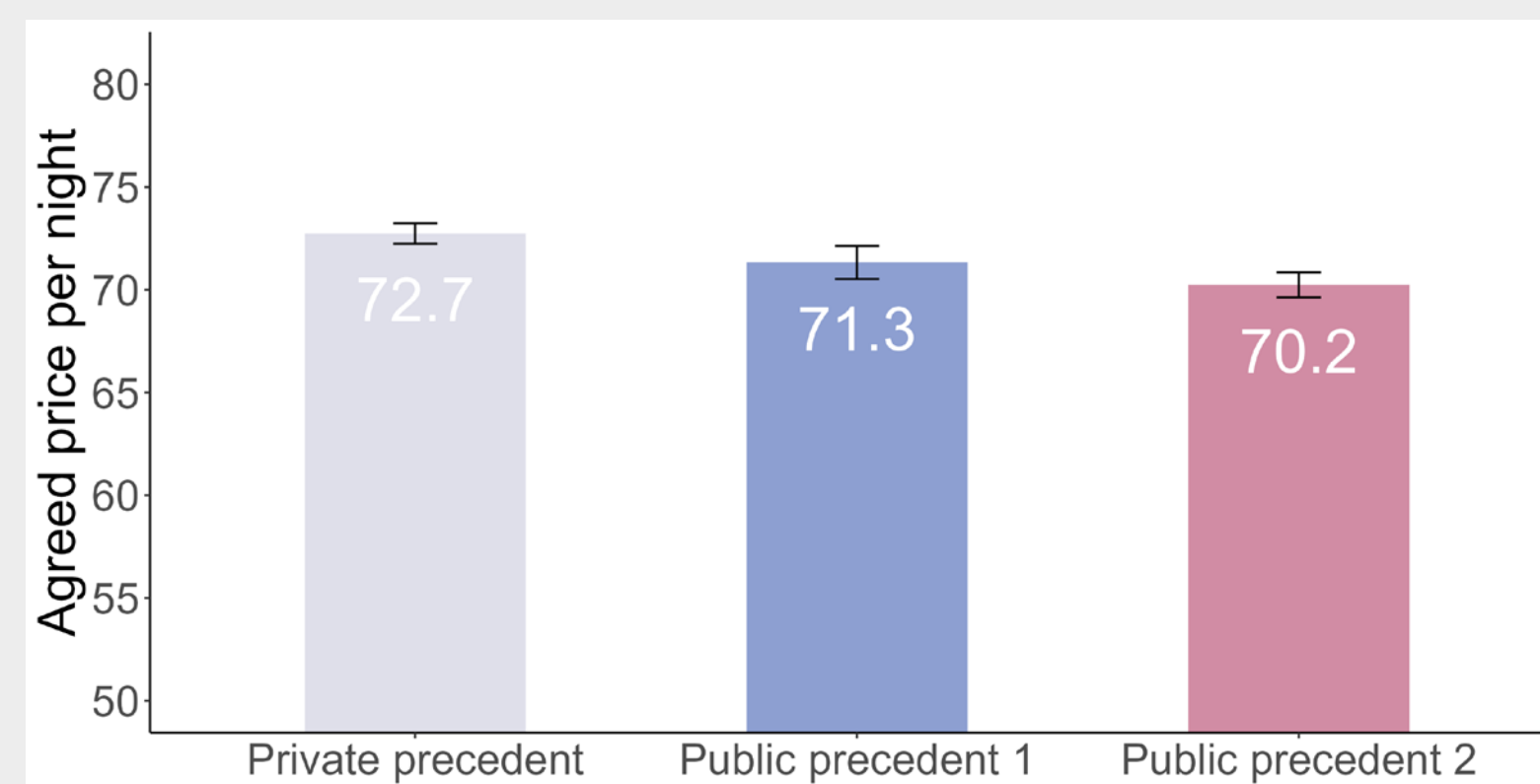
Worse deal (STUDY 1B)



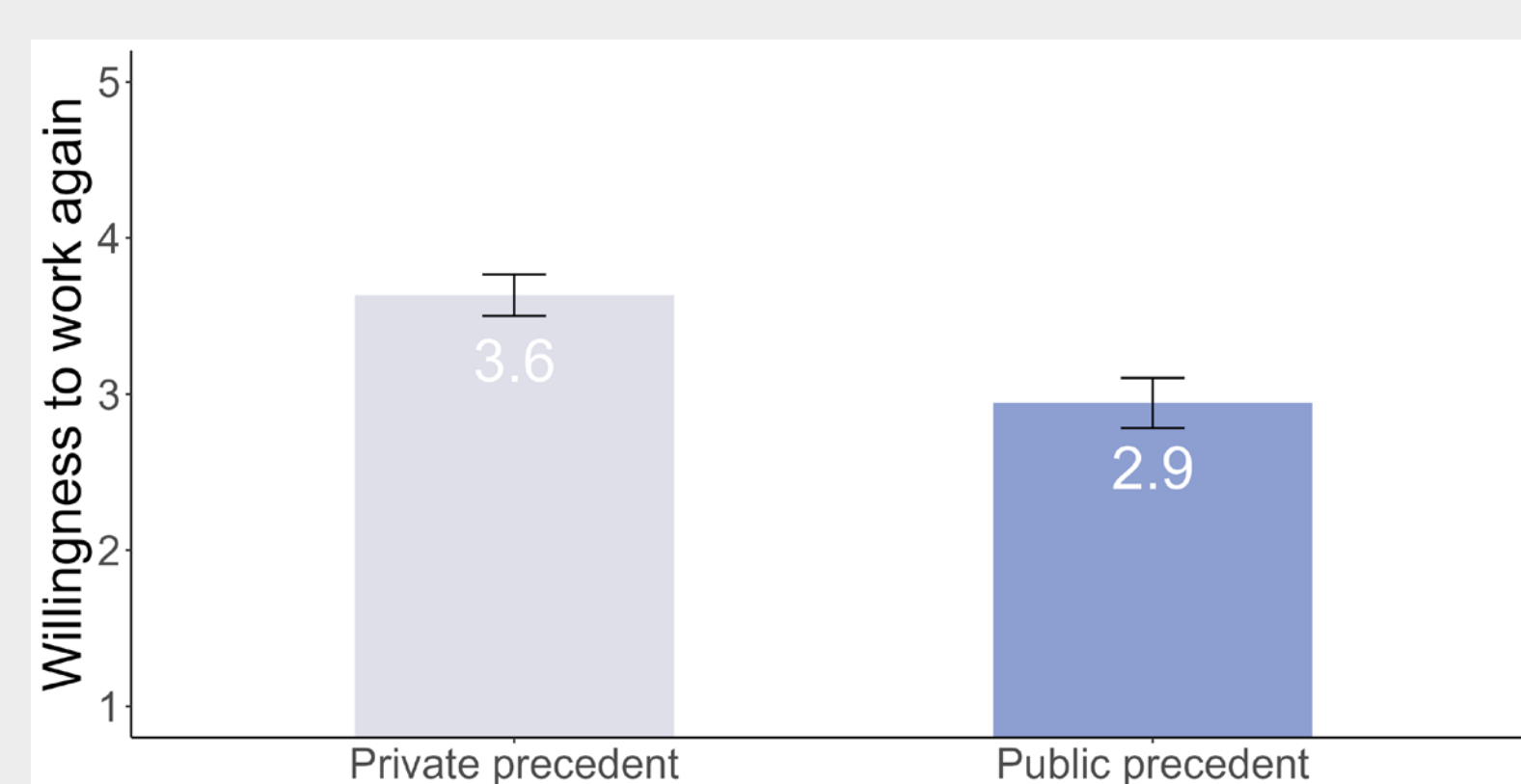
Worse deal (STUDY 2)



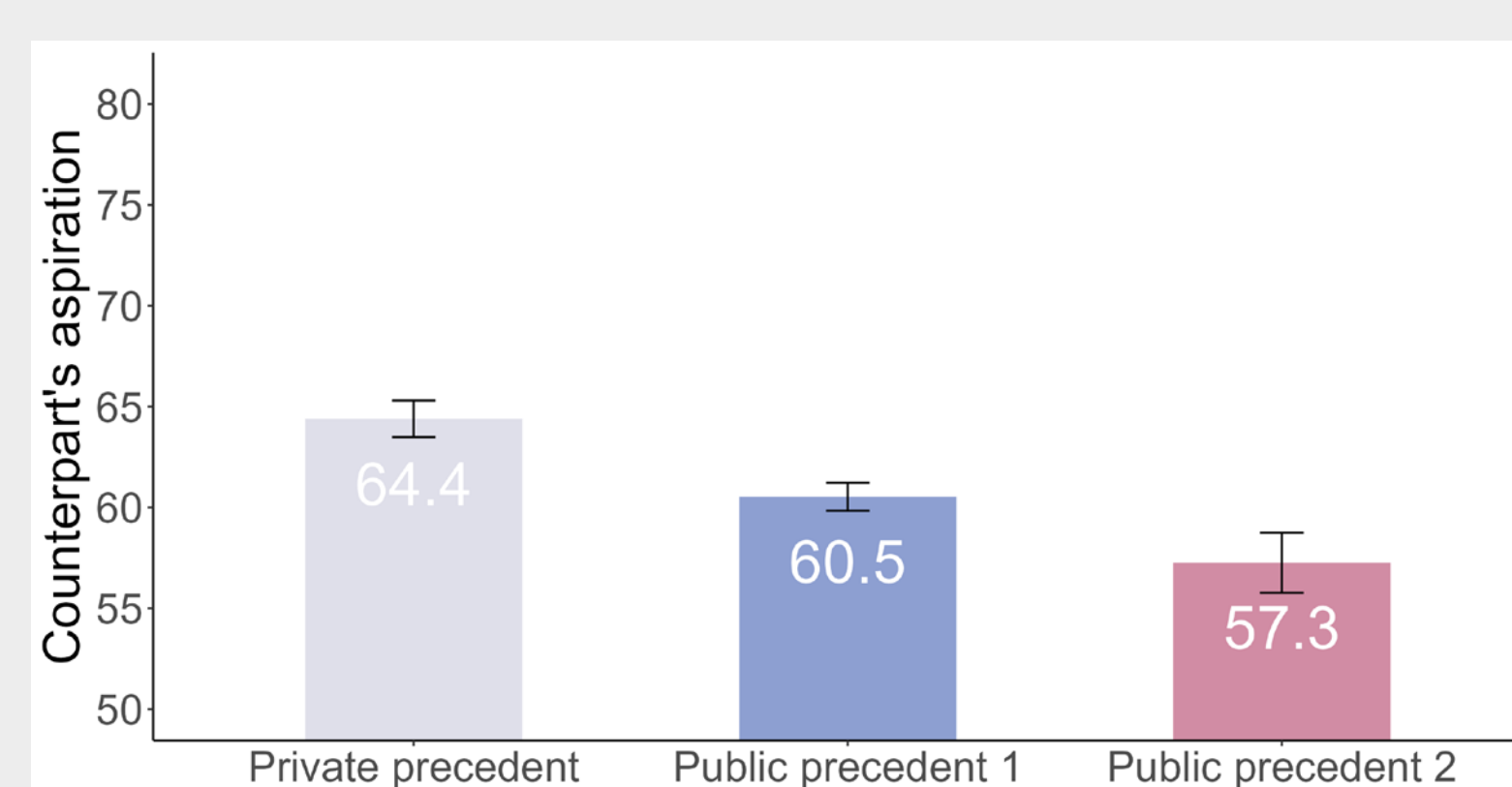
Worse deal (STUDY 4)



Damaged relationship (STUDY 3)



Counterparts set higher goal (STUDY 4)



Study 1A and 1B (Preregistered)

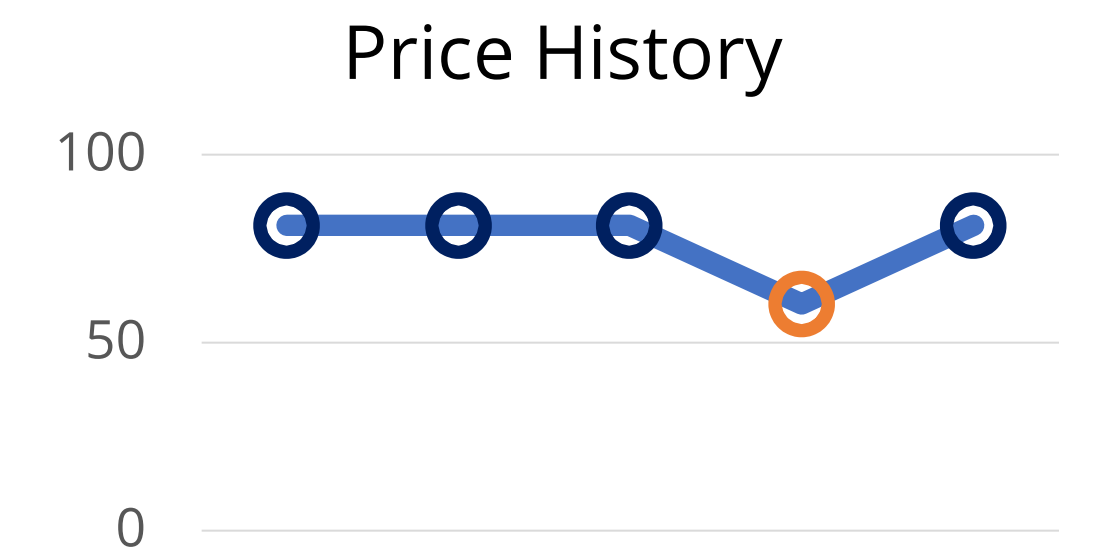
**Task:** An employee with mediocre performance requested a 20% pay raise. Acting as managers, participants decided the amount of the pay raise.

Conditions:

- **Public precedent.** The manager had given a 20% pay raise to a similar employee in the past, and they knew that current employee knew it.
- **Private precedent.** The manager had the precedent, but they knew that the current employee did not know it.
- **Uncertain precedent (Study 1A only).** The manager was not sure if the current employee knew the precedent.
- **No precedent.** The manager did not have the precedent.

Study 2, 3, and 4

**Task:** A negotiation between a host and a potential guest concerning the price of a room on an Airbnb-like website.



WHY?

**The focal negotiator:** Perceived obligation to follow precedents

**The counterpart:** Higher aspirations

REFERENCES

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Stevens, K. (2018). Reasoning by precedent—Between rules and analogies. *Legal Theory*, 24(3), 216-254.